

Employees' Retirement Board of Rhode Island

Monthly Meeting Minutes

Wednesday, November 12, 2008

9:00 a.m.

8th Floor Conference Room, 40 Fountain Street

The Monthly Meeting of the Retirement Board was called to order at 9:10 a.m., Wednesday, November 12, 2008 in the 8th Floor Conference Room, 40 Fountain Street, Providence, RI.

I. Roll Call of Members

The following members were present at roll call: General Treasurer Frank T. Caprio; William B. Finelli; Gary R. Alger; Daniel L. Beardsley; Frank R. Benell Jr.; Rosemary Booth-Gallogly; Roger P. Boudreau; Michael R. Boyce; M. Carl Heintzelman; Louis M. Prata; Linda C. Riendeau; Susan K. Rodriguez; and Jean Rondeau.

Also in attendance: Frank J. Karpinski, ERSRI Executive Director; Attorney Michael P. Robinson, Board Counsel.

Recognizing a quorum, Treasurer Caprio called the meeting to order.

II. Approval of Minutes

Vice Chairman William B. Finelli observed an inconsistency in the October 8, 2008 minutes on pages 4 and 5 under the "action" column of the Disability Subcommittee reports. He said items 7 and 8 should read "tabled."

On a motion by Linda C. Riendeau and seconded by Frank R. Benell, Jr., it was unanimously

VOTED: To approve the amended draft minutes of the October 8, 2008 meeting of the Employees' Retirement System of Rhode Island Board.

III. Chairman's Report

Treasurer Caprio commended the ERSRI staff and Director Karpinski for the work that they have performed over the past two months. He said the amount of work performed by the staff was unprecedented with close to 1,300 retirement applications processed. In addition, the Treasurer said the staff processed over a 130 adjustments as a result of an arbitration payment for correctional officers. Treasurer Caprio told the Board that the exemplary performance of the staff speaks to the guidance of the Board and the tools that it has provided to ERSRI.

IV. Executive Director's Report

Director Karpinski told the Board at the last meeting that he reported 1,270 pension applications either received or processed between May 1st and September 30th. He said since then, only a handful of additional applications have been received by the system to account for a total of 1,285 as of October 30th. The Director told the Board that the staff processed a record 530 pension applications during October, 491 of whom were state employees. Director Karpinski reiterated the Treasurer's comments regarding the correctional officers. He stated that staff posted roughly 60,000 transactions into the system and then subsequently recalculated over 130 pensions to make applicable adjustments.

The Director told the Board that the entire experience was a major effort which reached across the entire organization. He said not only

are the counselors to be commended, but also finance, data processing, and the legal department.

The Director announced that next month there will be a computer system security audit presentation which will be held in executive session since the information is sensitive. The company hired named Unicom, performs its security health check semi-annually. Also, the Director said the actuary, Gabriel, Roeder, Smith and Company (GRS), will present their analysis of the actuarial impact of article 4 on the contribution rate. Director Karpinski told the Board that the teacher survivor benefits valuation will be delayed. He said GRS has been focused on the analysis of article 4 which the Director said took precedence. Director Karpinski apprised the Board that an RFP for an IT consultant was issued on October 28th. He said the Anchor System will be ten years old in 2010 and a consultant will be needed to help evaluate the system's future operational options.

Louis M. Prata asked what company presently provides computer security. Director Karpinski said that Saber Technologies, the company that built the system, maintains system security such as the antivirus software, firewall maintenance, general system security and also provides day-to-day system support. Unicom, on the other hand, provides Anchor system security testing such as firewall penetration tests from different angles and makes various recommendations.

V. Administrative Decisions

(None this month)

VI. Approval of the October Pensions as Presented by ERSRI

On a motion by Linda C. Riendeau and seconded by Louis M. Prata, it

was unanimously

VOTED: To approve the October pensions as presented.

VII. Legal Counsel Report

Attorney Michael Robinson informed the Board that in the matters of Fred Worley vs. ERSRI and Craig Marciniak vs. ERSRI, the Superior Court decisions came down favorably for the Retirement System, no appeals have been taken and final judgments have been entered.

Attorney Robinson then addressed the John Card matter, an issue which he recommended the Board convene into executive session pursuant to Rhode Island General Laws §42-46-5 (a)(2) to discuss potential litigation. Treasurer Caprio agreed and recommended the session be deferred to the end of the meeting to accommodate the members in the audience.

VIII. Committee Reports

Disability Subcommittee: The Disability Subcommittee recommended the following actions on disability applications as a result of its November 7, 2008 meeting for approval by the full Board.

Name Membership Group Type Action

- 1. Donald Deshaines State Accidental Approve**
- 2. Carmella Coppa Municipal Accidental Table**
- 3. Louis Supino State Accidental Deny**
- 4. Theodore DeWolf State Accidental Deny**
- 5. Robin Ross State Accidental Table**
- 6. John Petrus State Accidental Deny**

- 7. Randy Padula State Accidental Approve**
- 8. Diane Ianelli State Accidental Table**
- 9. Sandra Ellis Teacher Accidental Table**
- 10. Julie Ann Tella State Accidental Approve**
- 11. Raymond Tierney State Accidental Approve**
- 12. Paul Dunham Municipal Accidental Table**
- 13. Pauline Richard State Accidental Deny**
- 14. Robert Bigliety Municipal Ordinary Approve**
- 15. Mary Starrs Teacher Ordinary Approve**
- 16. Loraine Riley Teacher Ordinary Approve**
- 17. Richard Del Bonis Municipal Accidental Table**
- 18. Joyce Balasco State Deceased Deny**

Prior to the vote, William B. Finelli requested that Attorney Robinson comment on the reason as to why the disability of a deceased applicant, Joyce Balasco, was denied. Attorney Robinson responded by stating that in this unique case the applicant passed away during the adjudication of her disability application. He also clarified that it did not appear that Ms. Balasco's death was the result of any illnesses she claimed in her disability application. Attorney Robinson said Ms. Balasco had not designated either an option one or option two beneficiary prior to her passing and explained that after a review of the applicable statutes and regulations, and after review with the Executive Director, the appropriate option was a return of contributions to the member's beneficiaries.

Rosemary Booth-Gallogly then asked Director Karpinski whether it was common not to have a beneficiary named in the record. Director

Karpinski stated that members do receive an application letter, an option selection form and a beneficiary form prior to a counseling session. The Director emphasized that this case is very unique in that the member was not married at the time of her death and had named her two children as beneficiaries of her death benefit. Further, Director Karpinski said given the amount of the member's pension (if approved), the actuarial reduction that she would have taken to elect either option one or two for her daughters would have drastically reduced her benefit and thus, she most likely never intended to select an option. He said it is not uncommon for members to wait until approval of an application to select the option; they generally want to know the amount of the benefit first.

On a motion by William B. Finelli and seconded by Michael R. Boyce, it was unanimously

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Wednesday, November 7, 2008 on items 1 through 18.

IX. Executive Session

As requested during the legal report, a motion was made by Roger P Boudreau and seconded by Frank R. Benell Jr. to convene into executive session consistent with RIGL §42-46-5 (a)(2) of the Rhode Island General Laws to discuss potential litigation.

A roll call was taken. The following members voted Yea: General Treasurer Frank T. Caprio; William B. Finelli; Gary R. Alger; Daniel L. Beardsley; Frank R. Benell Jr.; Rosemary Booth-Gallogly; Roger P. Boudreau; Michael R. Boyce; M. Carl Heintzelman; Louis M. Prata;

Linda C. Riendeau; Susan K. Rodriguez; and Jean Rondeau. It was then unanimously

VOTED: To convene into executive session consistent with RIGL §42-46-5 (a) (2) to discuss potential litigation.

The Board then adjourned into executive session.

At the conclusion of the executive session, a motion was made by Jean Rondeau and seconded by William B. Finelli to return to open session.

A roll call was taken. The following members voted Yea: General Treasurer Frank T. Caprio; William B. Finelli; Gary R. Alger; Daniel L. Beardsley; Frank R. Benell Jr.; Rosemary Booth-Gallogly; Roger P. Boudreau; Michael R. Boyce; M. Carl Heintzelman; Louis M. Prata; Linda C. Riendeau; Susan K. Rodriguez; and Jean Rondeau. It was then unanimously

VOTED: To exit executive session and return to open session.

Attorney Michael Robinson noted for the record that there were no votes taken in executive session.

A motion was then made by Rosemary Booth-Gallogly and seconded by Roger P. Boudreau to seal the minutes of the executive session.

A roll call was taken. The following members voted Yea: General Treasurer Frank T. Caprio; William B. Finelli; Gary R. Alger; Daniel L. Beardsley; Frank R. Benell Jr.; Rosemary Booth-Gallogly; Roger P. Boudreau; Michael R. Boyce; M. Carl Heintzelman; Louis M. Prata; Linda C. Riendeau; Susan K. Rodriguez; and Jean Rondeau. It was then unanimously

VOTED: To seal the minutes of the executive session.

X. New Business

(None this month)

XI. Adjournment

There being no other business to come before the Board, on a motion by Louis M. Prata and seconded by M. Carl Heintzelman, the meeting adjourned at 9:35 a.m.

Respectfully submitted,

Frank J. Karpinski

Executive Director